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**HOUSE APPROVES RAISING LOAN LIMITS FOR HIGH
HOUSING COST AREAS**

Massachusetts among the states to benefit from new law; middle class first time home buyers to benefit

Washington, DC—Congressman Barney Frank today announced that the House of Representatives passed legislation increasing the loan limits of Fannie Mae and Freddie Mac for high cost areas such as Massachusetts. The vote is a victory for middle class people who wish to become homeowners, but who live and work in areas where housing costs have outpaced the national average. The bill passed by the House yesterday would increase the loan limits up to the local area median home prices, to a maximum ceiling of \$539,475. Currently, Fannie Mae and Freddie Mac can only back or purchase mortgages up to \$359,650, however, as many in Boston and other high cost areas of Massachusetts already know, home values and mortgages are significantly above that figure. It is estimated that the new loan limits would help nearly 250,000 first-time homeowners nationwide.

"This provision will help enable middle class people who are currently shut out of homeownership to purchase homes," said Congressman Frank. "We live in a high cost area, and we need to make sure that middle class people are not driven out because they cannot secure a mortgage."

Congressman Stephen F. Lynch said, "in recent years, we have seen many working families priced out of the neighborhoods where they grew up, as the cost of purchasing a home continues to skyrocket. This initiative will enable thousands more American families to achieve their dream of homeownership and create stronger ties within our communities."

"The cost of housing in Massachusetts is high, making it difficult for many to afford a home of their own," stated Congressman Michael Capuano. "This provision will help more of our residents achieve the American Dream of home ownership."

Since housing prices vary across the nation, the geographical distribution of conforming loans is uneven. In high cost areas, such as greater Boston -- and places like New York and Los Angeles -- entry-level home prices often exceed the median home price and the conforming loan limit. The House also defeated an amendment by conservative House members that would have prevented the geographic adjustment of loan limits in areas where prices are measurably higher.

(More)

Similarly, late in 2003, the House passed Mr. Frank's legislation to raise the loan limits for Federal Housing Administration (FHA) insured multi-family unit construction in high cost areas such as greater Boston. That legislation allowed the Department of Housing and Urban Development to increase loan limits in high cost areas by up to 240% of the limit in non-high cost areas, and by up to 270% with special approval by HUD.

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